

AR53

# MENTOR

EXPLORATION & DEVELOPMENT  
COMPANY LIMITED



ANNUAL  
REPORT

FOR THE YEAR ENDED DECEMBER 31ST, **1968**





# MENTOR EXPLORATION AND DEVELOPMENT CO. LIMITED

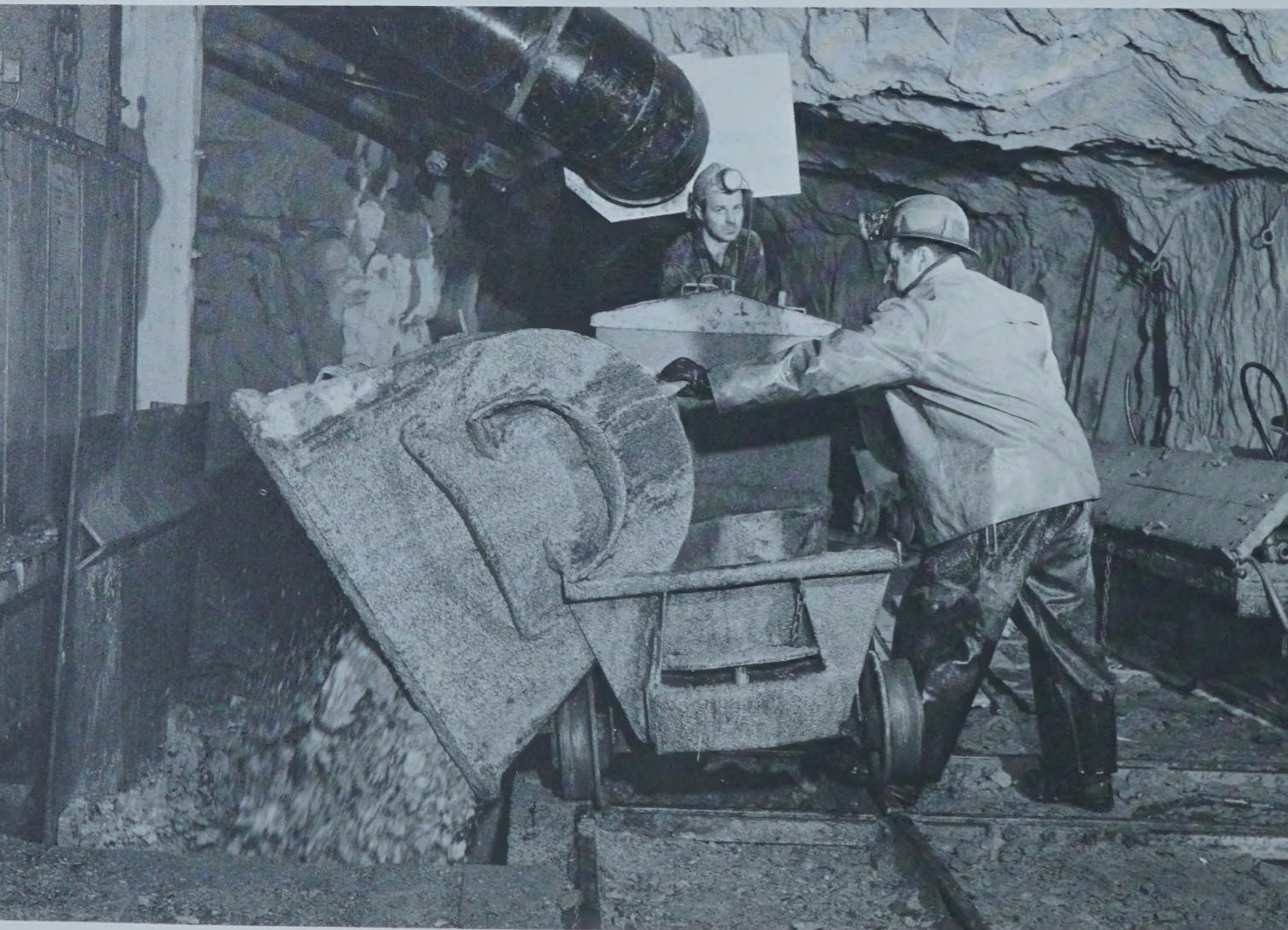
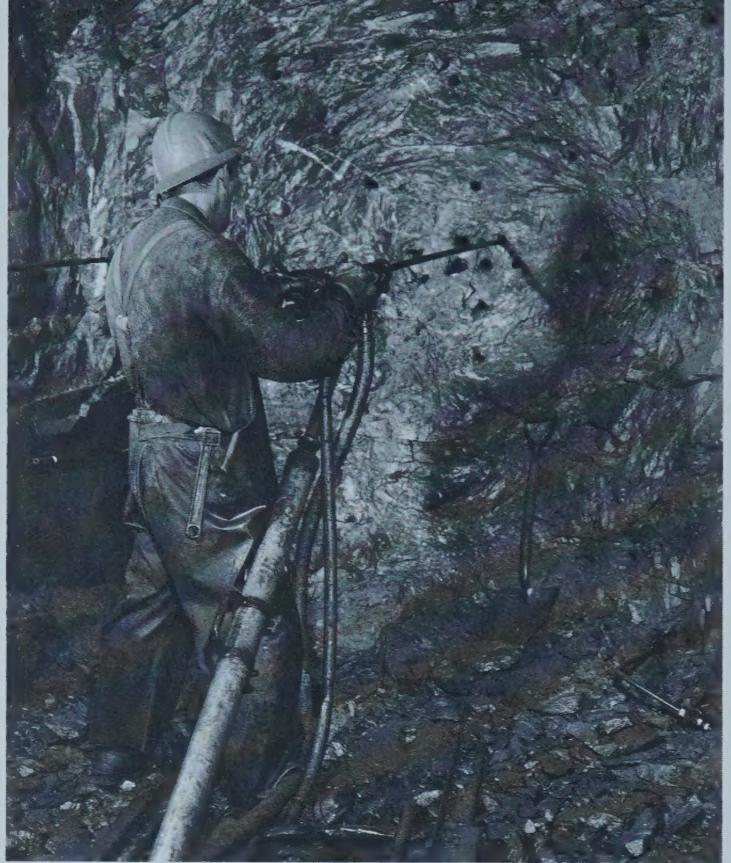
(Incorporated under the laws of Ontario)

<b>Executive and Head Office</b>	Suite 1101, 365 Bay Street Toronto, Ontario
<b>Directors</b>	ARCHIE BASEN SAMUEL GELLER WILLIAM L. HOGARTH, JR. PAUL PENNA RUPERT F. RIGHTON
<b>Officers</b>	PAUL PENNA, <i>President</i> JEAN GELLER, <i>Secretary-Treasurer</i> WM. L. HOGARTH, JR. <i>Assistant Secretary-Treasurer</i>
<b>Transfer Agent and Registrar</b>	GUARANTY TRUST COMPANY OF CANADA Toronto, Ontario
<b>Auditors</b>	STARKMAN, KRAFT, ROTHMAN, BERGER & GRILL Chartered Accountants Toronto, Ontario
<b>Shares Listed</b>	TORONTO STOCK EXCHANGE Toronto, Canada
<b>Annual Meeting</b>	June 17, 1969, 11:00 a.m. (Toronto Time), British Columbia Room, Royal York Hotel, 100 Front Street West, Toronto, Ontario



The pictures reproduced alongside and below are from underground at the Joutel Township property of EAGLE GOLD MINES LIMITED in which Mentor has an equity interest amounting to 501,696 shares. The scene alongside shows diamond drilling in the development heading on the 12-2-22 East ore drift which is testing the new gold-bearing zone encountered east of the gabbro dike on the 1200 foot level. This is an entirely new zone considerably beyond the previous ore limit as defined by surface diamond drilling. This new zone has been tested by diamond drilling over a strike length of some 400 feet outlining two ore lenses totalling 275 feet in length and grading 0.305 ounce of gold per ton. The vertical continuity of this new zone east of the gabbro dike is now being tested by footwall drifts on the 1050 and 1350 foot levels.

The picture below shows waste being dumped into the loading pocket at the 1710 foot elevation.





# MENTOR EXPLORATION AND DEVELOPMENT CO. LIMITED



## DIRECTORS' REPORT

To the Shareholders:

The Directors are pleased to present the audited financial statements of the company for the year ended December 31, 1968, and also the following general review of activities, property interests and principal investments.

The company continued its mineral exploration efforts during the past year, including various programs in the Red Lake Area of Northwestern Ontario; in the Gillies Limit, south of the Cobalt Area, also in Ontario; and preliminary investigation of other prospects and property submissions.

During February of 1969, the company optioned a group of claims in Poirier Township, Joutel Area, Quebec, where preliminary exploration has been carried out and diamond drilling is scheduled in the near future. The discovery reported early in 1969 by Selco Exploration Company Limited in the Confederation Lake Area, Uchi Lake District, Ontario, is of interest to your company with regard to its ownership of 19% of Cochenour Explorations Limited which, in addition to its extensive holdings in the Red Lake Area, has acquired a block of 50 claims flanking Selco's main group in the Confederation Lake Area.

Your company's principal interest is its substantial shareholding (501,696 shares) in Eagle Gold Mines Limited which is now developing its gold property in Joutel Township, Quebec, for planned production early in 1970.

The following is a summary of the company's principal property interests and investment holdings.

### Red Lake Area, Northwestern Ontario

Preliminary exploration including sampling, geological mapping and reconnaissance prospecting was carried out on three groups of claims in the Red Lake Area. Two groups of claims, designated

as the 'Sandy Lake West' and the 'Sandy Lake East' properties were allowed to lapse following initial investigation which failed to show any mineral concentrations of economic interest.

Initial sampling of a mineralized shear zone on the third group, which consisted of 18 claims and known as the 'Birch Lake' property, resulted in a decision to carry out further exploration. Two claims contiguous to the portion of the property containing the mineralized shear zone were taken under option, and five adjacent claims were staked for additional strike protection.

Detailed prospecting consisting of trenching and sampling was carried out during August and September. Sampling returned mainly low values except in two trenches which assayed 0.114 oz. gold per ton over 14.0 feet and 0.16 oz. gold per ton over 3.3 feet. This was followed by a program of diamond drilling totalling six holes for a combined 1,614 feet. Five of the holes were put down to test the vertical continuity of the surface gold showings, and one hole was drilled, as specified in the agreement covering the optioned claims.

Surface sampling and follow-up drilling showed the gold mineralization to be confined to small lenses of very limited horizontal and vertical extent. The gold content of these lenses was considered too low to be of economic interest. The consulting geologist recommended that the two optioned claims be dropped, but in view of the current interest in gold the work carried out be recorded on the company owned claims to maintain these in good standing for the period covered by the assessment credits.

### Poirier Township, Northwestern Quebec

As previously mentioned, your company optioned a group of eight claims totalling approximately 800 acres in Poirier Township. This property is located about six miles southeast of the producing mines of



## DIRECTORS' REPORT (Continued)

Joutel Copper Mines Limited and Rio Algom's Mines de Poirier Inc., and about 10 miles southeast of the property of Eagle Gold Mines Limited. A locational map is appended to this report.

The 800 acre property covers a north-south airborne electromagnetic anomaly extending about 1,000 feet in length. A recently completed ground electromagnetic survey over the airborne anomaly outlined two parallel conductive zones over a 2,000 foot length. It is planned to test these conductive zones by diamond drilling which is scheduled to commence after the 'break up' in May.

### Cochenour Exploration Limited

Cochenour Explorations Limited is a private company formed in 1965 by a consortium of mining companies including Cochenour Willans Gold Mines Limited (51%), Coin Lake Gold Mines Limited (18%), Selco Exploration Company Limited (9%), and your company holding 19%. Cochenour Explorations Limited was originally organized to explore a group of approximately 1,000 claims in the Red Lake Area of Ontario, on which considerable exploration has been carried out principally during 1966-67. Cochenour Explorations Limited recently stated it plans further exploration during the current year.

The focal point of current interest for Cochenour Explorations Limited is its recently acquired block of 50 claims flanking the main group of Selco Exploration Company Limited in the Confederation Lake Area near Uchi Lake, about 40 miles west of Red Lake, Ontario. While only meagre information has been released by Selco in connection with its discovery, apart from three drill holes which returned good assays in copper, silver and zinc, it was recently reported that three drills were being employed in the current program and this would likely be supplemented by additional drills together with further geophysical surveying. Cochenour Explorations Limited announced plans to carry out exploration on its group of 50 claims flanking the main Selco group during the coming season.

Considerable exploratory activity is expected in this general area during the current year.

### Eagle Gold Mines Limited

Your company's investment holding totalling 501,696 shares of Eagle Gold Mines Limited repre-

sents a major asset. Recent market quotations for shares of Eagle Gold Mines Limited (\$7.25 per share on April 21, 1969) would indicate a value for these shares in the order of \$3.5 million. This is approximately double the quoted value about one year ago, a reflection of developments at the gold property of Eagle Gold Mines Limited where production is planned to commence early in 1970.

Sinking of the three compartment shaft on the Eagle Gold Mines' property was completed to a depth of 1860 feet during July of 1968. Twelve level stations were cut at 150 foot intervals down to the 1800 foot elevation and development work is currently in progress on six levels from the 750 to the 1500 foot horizons.

The purpose of the underground program was to initially confirm tonnage and grade estimates derived from earlier surface diamond drilling and to enable the determination of the proposed milling rate, as well as to advance stope preparation to coincide with planned commencement of production early in 1970.

In the period from the completion of shaft sinking to the end of March, 1969, a total of 8,494 feet of drifting and crosscutting, 1,735 feet of raising, and 16,194 feet of underground diamond drilling has been completed. Significant extensions to the gold-bearing zone have been indicated on the three levels which to date have been driven beyond the outline of the ore zone defined by earlier surface diamond drilling.

In addition, in the area east of the gabbro dike where the drift on the 1200 foot level was directed to probe surface drill indications of copper, underground drilling has intersected gold values along a strike length of some 400 feet. This drilling outlined two lenses totalling 275 feet in length and grading 0.305 ounce of gold per ton.

This gold-bearing zone east of the gabbro dike represents an entirely new area never included in previous ore estimates. The vertical continuity of this new zone will be initially tested by drives on the 1050 and 1350 foot levels. The copper values indicated in the surface drilling have not yet been encountered in any of the drill holes from the 1200 foot main east drift.



As previously reported, surface diamond drilling indicated ore reserves estimated at 1,600,000 tons averaging 0.41 ounce of gold per ton across a width of 13.1 feet between the approximate 300 foot horizon down to the then maximum tested depth of 1,500 feet. This estimate includes a 15% allowance for dilution.

Alternatively, using a lower cut-off grade and including some lower grade ore, the surface drill indicated reserves were estimated at 2,240,000 tons averaging 0.345 ounce of gold per ton, also with a 15% dilution factor.

Although the present underground development is not sufficiently advanced to permit a recalculation of estimated grade and tonnage, current underground results indicate a probable substantial increase in tonnage with a moderate reduction in grade. It is expected that by the end of September the present underground program will be sufficiently advanced to enable a recalculation of overall grade and tonnage.

Additional metallurgical tests are being carried out utilizing bulk ore samples taken from the current underground development work. The most recent research has been directed toward the addition of a pre-aeration with lime stage prior to cyanidation. The addition of this pre-aeration has reduced cyanide consumption and increased the percentage recovery of gold.

This test work has indicated that a 93-95% recovery could be expected by fine grinding and pre-aeration with lime followed by cyanidation. It is estimated that the reduction in cyanide reagent costs plus the increased gold recovery may increase the operating profit by a minimum of \$1.00 per ton.

Excavation work is now in progress at the mine-site in preparation for the foundation work for the mill building complex scheduled for this summer. The engineering design of the process flowsheet and the general layout of the mill are approximately 100% finalized. The engineering envisages a milling plant with an initial capacity of 800 tons per day. This planned treatment rate may be varied based upon the results of the underground development work.

Expenditures to date, together with those projected to September of 1969, total approximately \$6.3 million.

### General

Although no work has been done for some time, and no immediate exploration is planned, your company retains the 18 claim property in the Blind River-Elliot Lake Uranium Area of Ontario. This property is contiguous to two large groups of claims which is part of the assemblage of some 900 claims totalling about 35,000 acres being jointly explored by Kerr-McGee Corporation and a group of 15 Japanese companies.

Your company's property is also adjacent to the south of the Stanrock Uranium Mines' property where uranium is being recovered by bacterial leaching method. In its recently published annual report Stanrock stated it was looking forward with confidence to an increase in price for uranium which will enable it to resume conventional mining of its Elliot Lake deposits. The latter company also reported revised estimated ore reserves (assured and probable) totalling 10 million tons grading approximately 1.5 lbs. uranium oxide per ton.

In addition to its holdings of 501,696 shares of Eagle Gold Mines Limited, your company's principal investments, as at December 31, 1968, included 2,000 shares of Falconbridge Nickel Mines Limited, 62,000 shares of Agnico Mines Limited, 88,000 shares of Martin McNeely Mines Limited, and 985,582 shares of Sudbury Contact Mines Limited.

It is with the deepest regret that your Directors record the death on January 15, 1969, of Mr. Walter F. Brown, B.Sc., P.Eng., who for many years acted as consulting mining engineer, effectively planning and supervising the company's exploration activities.

On behalf of the Board,

"PAUL PENNA"

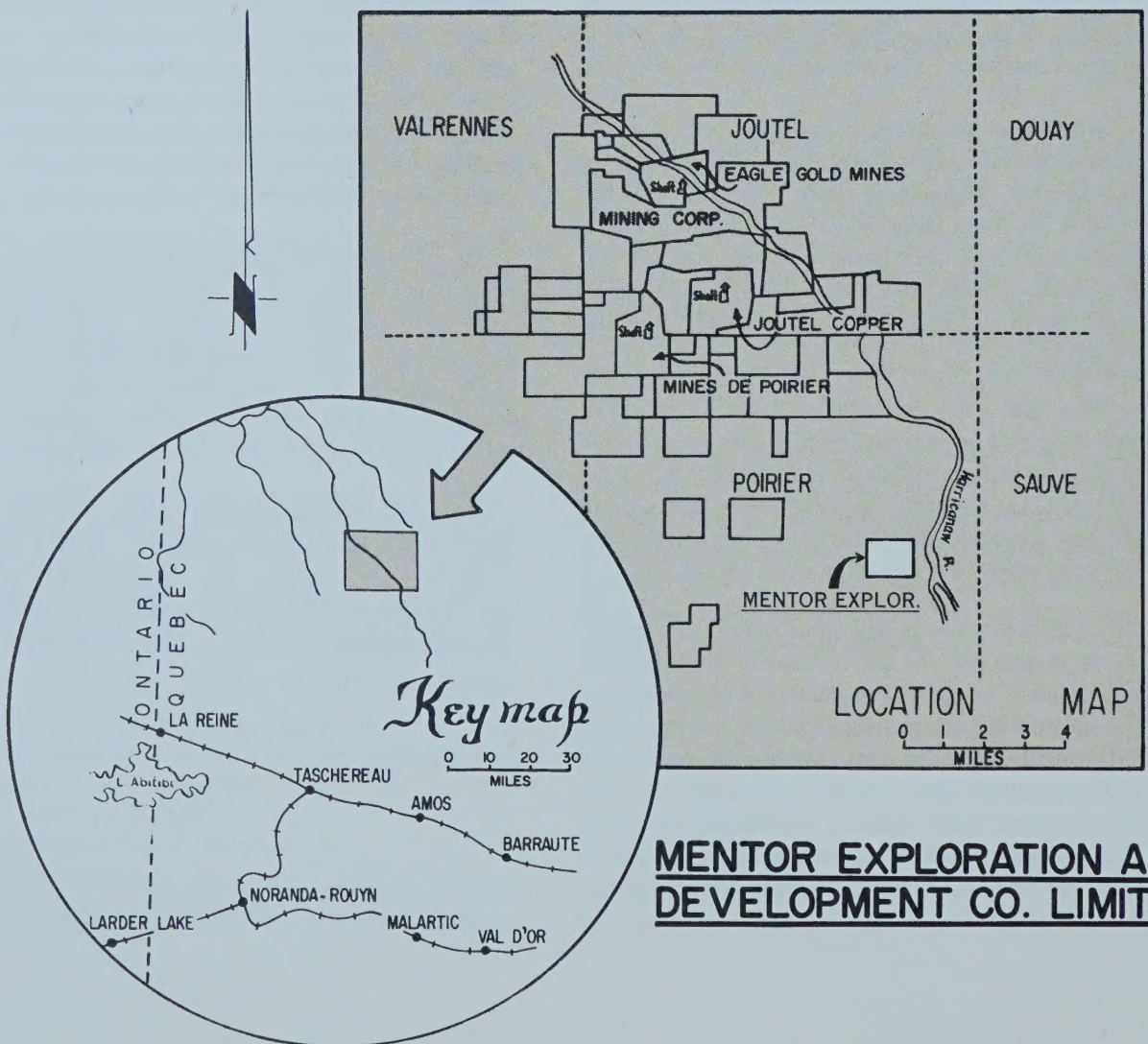
President

April 22, 1969





Shaft headframe and service building at EAGLE GOLD MINES' property showing initial excavation in preparation for construction of foundations for mill complex. Production is scheduled to commence early in 1970.





# MENTOR EXPLORATION AND DEVELOPMENT CO. LIMITED



## AUDITORS' REPORT TO THE SHAREHOLDERS

*We have examined the balance sheet of Mentor Exploration and Development Co. Limited as at December 31, 1968 and the statements of income, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.*

*In our opinion these financial statements present fairly the financial position of the company as at December 31, 1968 and the results of its operations and the source and application of its funds for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.*

STARKMAN, KRAFT, ROTHMAN, BERGER & GRILL  
*Chartered Accountants*

*Toronto, Ontario  
April 1, 1969*



# BALANCE SHEET — As at December 31, 1968

(with comparative figures as at December 31, 1967)

## ASSETS

CURRENT ASSETS	1968	1967
Cash .....	\$ 54,531	\$ 12,805
Deposit receipts .....	51,318	—
Accounts receivable .....	2,566	—
Marketable securities, at lower of cost and market (market value 1968, \$407,483; 1967, \$220,644) .....	367,398	149,670
Prepaid expenses .....	1,260	—
	<u>\$ 477,073</u>	<u>\$ 162,475</u>
INVESTMENTS		
Shares of Eagle Gold Mines Limited, at cost		
— escrowed .....	\$ 92,114	\$ 92,114
— free (market value 1968, \$3,042,953; 1967, \$1,295,400) ...	602,629	796,428
	<u>\$ 694,743</u>	<u>\$ 888,542</u>
Shares of affiliated company, at cost (market value 1968, \$478,007; 1967, \$197,116) .....	111,199	111,199
Investment in and advances to other companies		
— unlisted and escrowed securities at cost or less .....	33,460	33,712
— advances .....	1,526	1,380
	<u>\$ 840,928</u>	<u>\$1,034,833</u>
FIXED ASSETS, at cost		
Office furniture .....	\$ 3,051	\$ 3,051
Less: Accumulated depreciation .....	1,220	915
	<u>\$ 1,831</u>	<u>\$ 2,136</u>
Mining claims and properties .....	139,308	130,058
	<u>\$ 141,139</u>	<u>\$ 132,194</u>
DEFERRED EXPLORATION EXPENDITURES .....	\$ 489,709	\$ 494,375
	<u>\$1,948,849</u>	<u>\$1,823,877</u>

To be read in conjunction with the Auditors' Report to the Shareholders attached hereto dated April 1, 1969.



# MENTOR EXPLORATION AND DEVELOPMENT CO. LIMITED

(Incorporated under the laws of the Province of Ontario, Canada)

## LIABILITIES

CURRENT LIABILITIES	1968	1967
Accounts payable and accrued liabilities .....	\$ 1,248	\$ 5,256
Payable to broker on purchase of securities, secured by pledge of certain securities .....	27,189	110,824
	<u>\$ 28,437</u>	<u>\$ 116,080</u>

## SHAREHOLDERS' EQUITY

CAPITAL STOCK		
Authorized		
5,000,000 shares, par value 50¢ per share		
Issued		
3,455,746 shares .....	\$1,727,873	\$1,727,873
Less: Discount .....	170,000	170,000
	<u>\$1,557,873</u>	<u>\$1,557,873</u>
CONTRIBUTED SURPLUS .....	245,093	245,093
	<u>\$1,802,966</u>	<u>\$1,802,966</u>
RETAINED EARNINGS (Deficit) .....	117,446	( 95,169)
	<u>\$1,920,412</u>	<u>\$1,707,797</u>

Approved on behalf of the Board:

PAUL PENNA, Director.

JEAN GELLER, Director.

<u>\$1,948,849</u>	<u>\$1,823,877</u>
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# MENTOR EXPLORATION AND DEVELOPMENT CO. LIMITED

## STATEMENT OF INCOME

For the Year Ended December 31, 1968

(With comparative figures for the year ended December 31, 1967)

REVENUE	1968	1967
Interest and dividends .....	\$ 14,882	\$ 1,597
EXPENSES		
Administration, office and accounting .....	\$ 7,200	\$ 9,000
Legal and audit .....	5,477	2,422
Shareholders' information .....	5,102	2,088
Consulting fees, general .....	3,155	2,000
Interest and bank charges .....	1,376	9,088
Transfer agent fees .....	1,090	689
Directors' fees .....	450	100
Depreciation, office furniture .....	305	305
Miscellaneous, including stock exchange filing fees .....	1,179	1,198
	<u>\$ 25,334</u>	<u>\$ 26,890</u>
LOSS BEFORE UNDERNOTED ITEM .....	\$ 10,452	\$ 25,293
Profit on sale and revaluation of marketable securities and investments (net) .....	259,097	26,188
NET INCOME FOR THE YEAR .....	<u>\$ 248,645</u>	<u>\$ 895</u>

## STATEMENT OF RETAINED EARNINGS

For the Year Ended December 31, 1968

(With comparative figures for the year ended December 31, 1968)

	1968	1967
Deficit at beginning of year .....	\$ ( 95,169)	\$ ( 82,363)
Investments in and advances to other companies written off .....	( 1)	( 13,701)
Exploration expenditures written off — Lindquist Lake, B.C. ....	( 34,029)	—
Claims abandoned and written off — Lindquist Lake, B.C. ....	( 2,000)	—
	<u>\$ (131,199)</u>	<u>\$ ( 96,064)</u>
NET INCOME FOR THE YEAR .....	248,645	895
RETAINED EARNINGS (Deficit) at end of year .....	<u>\$ 117,446</u>	<u>\$ ( 95,169)</u>



# MENTOR EXPLORATION AND DEVELOPMENT CO. LIMITED

## STATEMENT OF DEFERRED EXPLORATION EXPENDITURES

For the Year Ended December 31, 1968

(With comparative figures for the year ended December 31, 1967)

EXPENDITURES DURING YEAR	1968	1967
Gillies Limit, Cobalt		
Surveys .....	\$ 5,214	—
Engineering fees, exploration .....	—	\$ 100
General .....	—	280
	<u>\$ 5,214</u>	<u>\$ 380</u>
Sycee Group, Cobalt		
General .....	<u>\$ 273</u>	<u>\$ 395</u>
Lindquist Lake, B.C.		
General surface exploration .....	<u>—</u>	<u>\$ 34,029</u>
Red Lake Area		
Advances re drilling and exploration programme .....	—	\$ 9,500
Diamond drilling .....	\$ 9,301	—
Consulting .....	6,901	—
Exploration and general field expenses .....	7,132	—
	<u>\$ 23,334</u>	<u>\$ 9,500</u>
General prospecting and exploration work in the Cobalt area .....	<u>—</u>	<u>\$ 785</u>
Other Properties		
General .....	<u>\$ 542</u>	<u>\$ 432</u>
Total expenditures during year .....	<u>\$ 29,363</u>	<u>\$ 45,521</u>
Less: Amounts written off to surplus re Lindquist Lake, B.C. ....	34,029	—
	<u>\$ ( 4,666)</u>	<u>\$ 45,521</u>
Deferred exploration expenditures at beginning of year .....	494,375	448,854
Deferred exploration expenditures at end of year .....	<u><u>\$ 489,709</u></u>	<u><u>\$ 494,375</u></u>

## SUMMARY OF DEFERRED EXPLORATION EXPENDITURES

	1968	1967
Chandler Group .....	\$ 299	\$ 171
Cobalt Property .....	291,273	291,000
Gillies Limit .....	13,264	8,050
Halet Group .....	1,440	1,416
Hill Group .....	60,570	60,180
Lindquist, B.C. ....	—	34,029
Cobalt area .....	15,029	15,029
Red Lake area .....	107,834	84,500
	<u><u>\$ 489,709</u></u>	<u><u>\$ 494,375</u></u>



# MENTOR EXPLORATION AND DEVELOPMENT CO. LIMITED

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the Year Ended December 31, 1968

(With comparative figures for the year ended December 31, 1967)

SOURCE OF FUNDS	<u>1968</u>	<u>1967</u>
Operations		
Net income for the year .....	\$ 248,645	\$ 895
Add: Depreciation which does not involve a current outlay of funds .....	305	305
	<u>\$ 248,950</u>	<u>\$ 1,200</u>
Proceeds of sale of investments .....	\$ 429,518	
Less: Profit on sale included in net income above .....	235,468	
	<u>\$ 194,050</u>	
	<u>\$ 443,000</u>	<u>\$ 1,200</u>
APPLICATION OF FUNDS		
Exploration expenditures .....	\$ 29,363	\$ 45,521
Purchase of mining claims .....	11,250	—
Investment in and advances to other companies .....	146	530
Purchase of shares of Eagle Gold Mines Limited .....	—	6,240
	<u>\$ 40,759</u>	<u>\$ 52,291</u>
Increase (Decrease) in Working Capital .....	\$ 402,241	\$ (51,091)
Working capital at beginning of year .....	46,395	97,486
Working capital at end of year .....	<u>\$ 448,636</u>	<u>\$ 46,395</u>











prospect comprising 18 claims in the Blind River-Elliott Lake Area, the company holds a group of 29 unpatented claims in Gillies Limit, south of the Cobalt Area where it is presently carrying out a program of soil sampling and some diamond drilling is scheduled before the end of the year.

The company also has a 19% interest in Cochenour Explorations Limited.

#### Shareholding in Eagle Gold Mines Limited

As stated in the 1967 Annual Report, 131,300 shares of the former holding of 632,996 shares of Eagle Gold Mines Limited were sold during the period under review, thereby reducing the company's interest in Eagle Gold Mines Limited to a current total of 501,696 shares. This represents the largest individual holding in Eagle Gold Mines Limited and is equal to about 9% of the presently issued and outstanding shares of the latter company.

The quoted market value of Eagle Gold Mines' shares as of August 21, 1968, was \$5.35 per share.

Considerable progress has been made in the underground program at the gold property of Eagle Gold Mines Limited in Joutel Township, Quebec, since the review of this undertaking in your company's Annual Report. Sinking of the shaft to a depth of 1,860 feet has now been completed, 12 level stations cut at 150-foot intervals to the bottom level at 1,800 feet, and necessary hoisting, mining and other related equipment installed and operative.

Development on the deepest five levels is scheduled to commence before the end of August with particular emphasis on the development of the 1,200 ft. and 1,500 ft. levels.

Five holes were recently drilled from the 1,500 ft. level station, three of which were flat holes, one drilled on section and two alternately right and left, with the two other holes drilled up and down at approximately 28 degrees, respectively. The gold bearing zone was intersected by these holes over a vertical distance of some 200 feet, and the section tested by the three flat holes extended laterally for about the same distance. The down hole, U-10-5, which returned 30.6 feet averaging 0.41 ounce of gold per ton, intersected the ore zone about 100 feet below the 1,500 ft. level, the latter being the maximum depth to which previously estimated drill-indicated reserves had been calculated.

The assays of these five holes are as follows:

Hole No.	Width	Ozs. Gold/Ton
U-10-1	16.8 ft.	0.40 oz.
U-10-2	27.9 ft.	0.38 oz.
U-10-3	10.1 ft.	0.38 oz.
U-10-4	21.5 ft.	0.44 oz.
U-10-5	30.6 ft.	0.41 oz.

Diamond drilling to test the probable extension of the ore zone to greater depth will be carried out concurrent with the present program of development work.

#### General

As shown on the attached financial statement, your company has considerably improved its working capital, amounting to \$476,682 at June 30, 1968. The company plans to continue in its efforts in the utilization of its technical and financial resources both in mineral exploration and investments.

On behalf of the Board of Directors

"PAUL PENNA"

President

August 26, 1968

## MENTOR EXPLORATION AND DEVELOPMENT CO. LIMITED

### STATEMENT OF INCOME

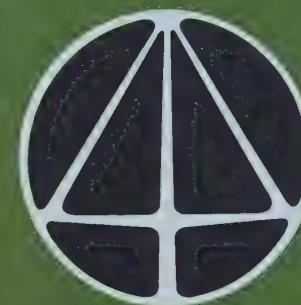
For the Six Months Ended June 30, 1968

(With Comparative Figures For the Six Months Ended June 30, 1967)

	1968	1967
<b>Revenue</b>		
Interest and dividends .....	\$ 7,772	\$ 1,099
Profit on sale of marketable securities .....	255,284	4,348
	<u>\$ 263,056</u>	<u>\$ 5,447</u>
<b>Expenses</b>		
Administration, office and accounting .....	\$ 3,600	\$ 4,500
Legal and audit .....	945	72
Shareholders' information ..	3,341	1,533
Transfer agents' fees .....	653	60
Consulting fees, general ..	1,284	751
Directors' fees .....	450	100
Interest and bank charges ..	844	4,493
Depreciation, office furniture	153	153
Miscellaneous .....	681	560
	<u>\$ 11,951</u>	<u>\$ 12,222</u>
<b>Net Profit (Loss) for Period</b>	<u>\$ 251,105</u>	<u>\$( 6,775)</u>

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# mentor exploration and development company limited:



SIX MONTH PERIOD  
ENDED JUNE 30, 1968

## Semi-Annual Report

Shareholders desirous of obtaining copies of the 1967 Annual Report and current Semi-Annual Report of Eagle Gold Mines Limited, may secure these by writing to the company's head office, Suite 1101, 365 Bay Street, Toronto 1, Canada.

**MENTOR**  
EXPLORATION AND DEVELOPMENT  
CO. LIMITED

To the Shareholders:

The Board of Directors is pleased to present the attached comparative financial statement of the company for the six months ended June 30, 1968.

During the period under review your company has principally been active in the exploration of an assemblage of 91 mining claims located in the Red Lake Area of Northwestern Ontario, acquired as a gold prospect. For purposes of description these claims are designated as the 'Sandy Lake West Group' of 33 claims; the 'Sandy Lake East Group' of 40 claims; and the 'Birch Lake Group' comprising 18 claims.

Preliminary investigation of the known mineralized showings on the first two mentioned groups, did not indicate any mineral concentrations of economic significance and this, together with the weak structural features, resulted in the recommendation of the company's consulting geologist, W. A. Hubacheck, that no further work was warranted. Accordingly, these claims will be allowed to lapse on due date.

Initial sampling of a mineralized shear zone or zones occurring on two of the 18 claims comprising the 'Birch Lake Group' provided encouraging indications warranting further work. This group of claims covered known gold-bearing mineralized showings which had been previously examined by prior owners who carried out trenching, test-pitting and limited shallow diamond drilling in one area.

Samples taken from trenches put down on the mineralized showing on Claim K.R.L. 61220 assayed only traces in gold indicating the mineralized and silicified chlorite schist zone in this section of the property is almost barren and the consultant concluded that no further work was warranted on this particular showing.

Best results were obtained in sampling of a small pit on Claim K.R.L. 61229 where a selected grab sample assayed 0.94 ounce of gold per ton. An existing trench put down by a previous owner about 20 feet to the west of the pit was reported to have shown 1.0 ounce of gold over 3.0 feet. About 550 feet further east, on Claim K.R.L. 61230, sampling indicated 0.04 ounce of gold over 7.0 feet, and 0.155 ounce over 6.0 feet, respectively, in two trenches approximately 50 feet apart.

The company's consulting geologist noted in his report covering this preliminary work that the gold values occur in a strong chloritic shear in andesite which has been silicified and mineralized with pyrite and arsenopyrite, and postulated a relationship between these two zones. Further work has been recommended on these two showings, including cleaning and further sampling of the trenches, geological mapping and some diamond drilling, scheduled to be carried out during the current season.

On completion of this preliminary examination, five additional claims were staked and acquired by the company. The company proposes to acquire an option on two contiguous claims which will expand the property to a total of 25 claims.

**Other Properties**

In addition to the four patented mining claims in Coleman Township, Cobalt Area, and the uranium

**MENTOR**  
EXPLORATION AND DEVELOPMENT  
CO. LIMITED

**STATEMENT OF MINING CLAIMS AND PROPERTIES  
AND  
DEFERRED EXPLORATION EXPENDITURES**

**For the Six Months Ended June 30, 1968**  
(With Comparative Figures For the Six Months Ended  
June 30, 1967)

	1968	1967
Cost of mining claims and properties at beginning of period	\$ 130,058	\$ 130,058
Acquisition of mining claims — Red Lake Area .....	8,000	—
	<u>\$ 138,058</u>	<u>\$ 130,058</u>
<b>Less:</b> Claims abandoned and written off during the period re Lindquist Lake, B.C. ....	2,000	—
	<u>\$ 136,058</u>	<u>\$ 130,058</u>
Deferred exploration expenditures at beginning of period	\$ 494,375	\$ 448,854
<b>Expenditures during period</b>		
Advances re drilling and exploration programme—Red Lake Area .....	4,850	9,500
General prospecting and exploration work in the Cobalt area .....	200	—
Other properties .....	134	652
	<u>\$ 499,559</u>	<u>\$ 459,006</u>
<b>Less:</b> Amounts written off to surplus re Lindquist Lake, B.C. ....	34,029	—
	<u>\$ 465,530</u>	<u>\$ 459,006</u>
Deferred exploration expenditures at end of period .....		

**MENTOR**  
EXPLORATION AND DEVELOPMENT  
CO. LIMITED

**STATEMENT OF SOURCE AND  
APPLICATION OF FUNDS**

**For the Six Months Ended June 30, 1968**  
(With Comparative Figures For the Six Months Ended  
June 30, 1967)

	1968	1967
<b>Source of Funds</b>		
<b>Operations</b>		
Net profit (loss) for the period .....	\$ 251,105	\$( 6,775)
<b>Add:</b> Depreciation ..	153	153
	<u>\$ 251,258</u>	<u>\$( 6,622)</u>
Proceeds of sale of shares of Eagle Gold Mines Limited .....	427,253	
<b>Less:</b> Profit on sale included in net income above .....	(233,455)	
	<u>\$ 445,056</u>	<u>\$( 6,622)</u>
<b>Application of Funds</b>		
Exploration expenditures ..	\$ 5,184	\$ 10,152
Acquisition of mining claims	8,000	
Investment in and advances to other companies .....	1,585	165
Purchase of shares of Eagle Gold Mines Limited .....	—	6,105
	<u>\$ 14,769</u>	<u>\$ 16,422</u>
Increase (Decrease) in Working Capital .....	\$ 430,287	\$( 23,044)
Working capital at beginning of period .....	46,395	97,485
Working capital at end of period .....	<u>\$ 476,682</u>	<u>\$ 74,441</u>
Current Assets .....	\$ 499,470	\$ 222,240
Current Liabilities .....	22,788	147,799
	<u>\$ 476,682</u>	<u>\$ 74,441</u>



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MENTOR EXPLORATION AND DEVELOPMENT CO. LIMITED

**ANNUAL MEETING OF SHAREHOLDERS**

NOTICE IS HEREBY GIVEN that the annual meeting of the shareholders of Mentor Exploration and Development Co. Limited (the "Company") will be held at the Saskatchewan Room, Main Mezzanine Floor, Royal York Hotel, 100 Front Street West, Toronto, Ontario on Wednesday, the 29th day of May, 1968 at the hour of 12:00 noon (Eastern Daylight Saving Time) for the following purposes:

- (1) To receive and consider the financial statements of the Company as at December 31, 1967, together with the report of the auditors thereon;
- (2) To elect directors;
- (3) To appoint auditors; and
- (4) To transact such further and other business as may properly come before the meeting or any adjournment or adjournments thereof.

DATED the 3rd day of May, 1968.

By Order of the Board,

JEAN GELLER,  
Secretary-Treasurer.

Shareholders who are unable to attend the meeting in person are requested to complete, date, sign and return the enclosed instrument of proxy.

# MENTOR EXPLORATION AND DEVELOPMENT CO. LIMITED

## INFORMATION CIRCULAR

This Information Circular is furnished in connection with the solicitation by the management of Mentor Exploration and Development Co. Limited (the "Company") of proxies to be voted at the annual meeting of the shareholders of the Company called for the purposes set forth in the accompanying notice of meeting and to be held at the Saskatchewan Room, Main Mezzanine Floor, Royal York Hotel, 100 Front Street West, Toronto, Ontario on May 29, 1968, and at any adjournment or adjournments thereof. Solicitation will be by mail, possibly supplemented by telephone or other personal contact by the directors of the Company. The cost of such solicitation will be borne by the Company.

## REVOCATION OF PROXY

A shareholder executing the accompanying instrument of proxy has the power to revoke it at any time before it is exercised by giving notice in writing of such revocation to the Secretary-Treasurer of the Company or to the Chairman of the meeting.

## VOTING SHARES

The authorized capital of the Company consists of 5,000,000 shares with a par value of 50¢ each of which 3,455,746 shares are presently outstanding. Shareholders of record at the time of the meeting are entitled to one vote for each share held.

To the knowledge of the directors and senior officers of the Company the only person or corporation which beneficially owns, directly or indirectly, more than 10% of the outstanding shares of the Company is Temple Growth Fund Limited which owns 835,150 (24.16%) of the outstanding shares of the Company. Temple Growth Fund Limited is an associate of Mr. Paul Penna, the President and a director of the Company.

## ELECTION OF DIRECTORS

It is proposed that the following persons will be nominated for election as directors of the Company to hold office from the date of election until the first following annual meeting of shareholders of the Company or until their respective successors shall be elected or appointed. The following is information concerning the proposed nominees for election as directors. Information as to shares beneficially owned, not being within the knowledge of the Company, has been furnished by the respective directors individually. In the event that any vacancies occur in the proposed slate of nominees listed below prior to the annual meeting of shareholders, it is intended to exercise the discretionary authority conferred by the accompanying instrument of proxy to vote for the election of any other person or persons as directors. Management is not presently aware that any of such nominees would be unwilling to serve as a director if elected.

<u>Name</u>	<u>Other Positions and Offices Presently Held in the Company</u>	<u>Period in which Nominee has Served as Director of the Company</u>	<u>No. of Shares of the Company Beneficially Owned</u>	<u>Principal Occupation at Present and During Past 5 Years</u>
Paul Penna	President	Since August 26, 1964.	1,501	Executive, Jakmin Investments Limited.
A. Basen	None	Since April 25, 1967.	1	Executive, American Louver of Canada Limited.
R. F. Righton	None	Since December 9, 1966.	1	Barrister, Shibley, Righton & McCutcheon (1964 to date); White, Bristol, Beck & Phipps (1955-1964).



<u>Name</u>	<u>Other Positions and Offices Presently Held in the Company</u>	<u>Period in which Nominee has Served as Director of the Company</u>	<u>No. of Shares of the Company Beneficially Owned</u>	<u>Principal Occupation at Present and During Past 5 Years</u>
W. L. Hogarth, Jr.	Assistant Secretary- Treasurer	Since August 26, 1964.	1	Executive, Associated Arcadia Nickel Corporation Limited.
Samuel Geller	None	Since January 30, 1968.	1	Proprietor, Mayle's Mens & Boys Wear (March 1968 to date); President, College Girls Coats Company Limited (until March 1968).

Jakmin Investments Limited is engaged in the securities business as an underwriter and investment company.

American Louver of Canada Limited is engaged in the manufacture of plastic ceiling louvers.

Messrs. Shibley, Righton & McCutcheon and Messrs. White, Bristol, Beck & Phipps are firms of barristers and solicitors.

Associated Arcadia Nickel Corporation Limited is a mining company.

College Girls Coats Company Limited is no longer in business.

Mayle's Mens & Boys Wear is a retail clothing store.

#### REMUNERATION OF MANAGEMENT

The aggregate direct remuneration paid or payable to the directors and senior officers of the Company, as such, during the financial year of the Company ended December 31, 1967 was \$100.

Jakmin Investments Limited provides head office, accounting and secretarial service to the Company at a fee of \$600 per month. For the financial year of the Company ended December 31, 1967 the fee for these services amounted to \$6,000. Mr. Paul Penna is the principal shareholder of Jakmin Investments Limited.

#### APPOINTMENT OF AUDITORS

Action is to be taken at the meeting with respect to the appointment of the firm of Starkman, Kraft, Rothman, Berger & Grill as the auditors of the Company.

#### GENERAL INFORMATION

Information contained herein is given as of April 24, 1968. Management knows of no matters to come before the annual meeting of shareholders other than the matters set forth in the enclosed notice of meeting. Receipt at the meeting of the financial statements of the Company as at December 31, 1967 and the report of the auditors thereon will not constitute approval or disapproval of such financial statements and report.

April 24, 1968.

